

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Bank of Commerce

Point of Contact:	David Keul	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	458	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	3,000,000	FDIC Certificate Number: (For Depository Institutions)	58134
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 16, 2009	City:	Charlotte
Date Repaid <sup>1</sup> :	N/A	State:	North Carolina

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☐ Increase lending or reduce lending less than otherwise would have occurred.

☐ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☒ Increase reserves for non-performing assets.

The overall allowance for loan loss reserves increased by \$245,000 in 2010. The allowance for loan losses increased from 1.50% to 1.84% in 2009 and 2010, respectively.

☒ Reduce borrowings.

The Bank's reliance on borrowed funds was reduced by \$6.2 million in 2010.

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☒ **Increase charge-offs.**

In 2010, charge-offs were \$0.9 million and write-downs and loss of other real estate owned were \$1.8 million.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

While the the CPP funds were used in 2009, the year of receipt, to increase loans and investments, the capital infusion has allowed the Bank of Commerce to meet all capital adequacy requirements to which it is subject in 2010. Without these funds, Management may have had to raise capital from the private capital markets at a cost higher than the current CPP levels.

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**What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?**

With the capital infusion of CPP funds, Bank of Commerce has been able to continue lending to our clients and has maintained its well capitalized status.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

The capital infusion of CPP funds has allowed the Bank of Commerce to continue lending to its clients, reduce its reliance on alternative sources of funds and maintain a well capitalized status.